Message Text

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INFO OCT-01 ISO-00 OES-06 PM-04 ACDA-07 CIAE-00 INR-07 IO-13 L-03 NSAE-00 NSC-05 EB-08 NRC-05 FEAE-00 DODE-00 EA-07 /078 W

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R 051519Z APR 77 FM AMEMBASSY OTTAWA TO SECSTATE WASHDC 3053 ERDA HQ WASHDC USMISSION EC BRUSSELS

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DEPT FOR EUR/CAN AND OES/NET/HOYLE ERDA FOR SIEVERING AND HELFRICH

E.O. 11652: GDS TAGS: TECH, ENRG

SUBJECT: CANADA/EURATOM NUCLEAR NEGOTIATIONS

REF: A. OTTAWA 508; B. EC BRUSSELS 2129

1. SUMMARY: GOC STILL HAVING DIFFICULTY REACHING AGREE-MENT WITH EC ON NUCLEAR SAFEGUARDS AND CONTROLS. PROBLEMS CITED IN REF B STILL PERTAIN. GOC SEEKING TEMPORARY BILATERALS WITH FRG, GOI, AND UK, BUT NO ASSURANCE EC WILL ACCEPT. COMPROMISE PROPOSED BY GOC ON MOVEMENT OF URANIUM AND OTHER MATERIALS FROM POINT TO POINT WITHIN A SINGLE COUNTRY (SUCH AS FRG) TO GET FUEL LINE STARTED. HOWEVER, COMPROMISE DOES NOT SOLVE PROBLEM OF ENRICHMENT OR REPROCESSING; RESOLUTION OF CURRENT PROBLEMS APPEARS TO DEPEND UPON A) U.S. POLICY TOWARD EC ON REPROCESSING AND TECHNOLOGY TRANSFER, B) GOF/IAEA/EC SAFEGUARDS AGREEMENT, AND C) EC ALLOWING TEMPORARY BILATERAL ARRANGEMENTS AND LATER ACCEPTING NEW GOC SAFEGUARDS POLICY.

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2. ON 1 APRIL, SCICOUNS MET D. FULFORD OF EXTAFF TO DISCUSS STATUS OF CURRENT GOC/EC SAFEGUARDS NEGOTIATIONS. PROGRESS (OR LACK OF SAME) ON SPECIFIC "STICKING POINTS" AS FOLLOWS:

A. FREE MOVEMENT OF URANIUM AND OTHER MATERIALS AMONG EC MEMBERS--GOC HOLDING LINE ON APPROVAL OF TRANSFER OF

MATERIALS BETWEEN STATES FOR ENRICHMENT AND REPROCESSING. ALTHOUGH GOF MAY AGREE NOT TO USE GOC URANIUM FOR OWN PURPOSES OR FOR EXPORT PURPOSES, IF IT ENRICHES URANIUM, GOF IS NOT NPT SIGNATORY AND GOC MAY REQUIRE IAEA INSPECTIONS. THE GOC HAS NOW TAKEN A HARDER LINE ON "BINDING GUIDELINES."

IN ATTEMPT TO FACILITATE MOVEMENT OF URANIUM TO FRG, GOC HAS PROPOSED GIVING POINT TO POINT APPROVAL FOR TRANSFERS WITHIN FRG. THIS WOULD END UP AS A "HOLD" AT SOME POINT IN FUEL CHAIN, BUT WOULD BE WAY TO GET SHIPMENTS STARTED.

- B. "RATCHETING" OF SAFEGUARDS STANDARDS--GOC HAS BACKED OFF OF POSITION OF REQUIRING EC TO ACCEPT ANY FUTURE SAFE-GUARDS WHICH MAY BE MORE RESTRICTIVE.
- C. TRANSFER OF SENSITIVE TECHNOLOGY--EC APPARENTLY WILLING TO ACCEPT NSG OBLIGATIONS, BUT NOT MORE. GOC HOPES TO LIMIT CANDU TECHNOLOGY TRANSFER TO BILATERAL BASIS.
- D. ENRICHMENT OF CANADIAN URANIUM--IN AGREEMENT UNDER NEGOTIATION WITH JAPAN, CANADA HAS EASED UP ON CONTROLLING ALL LEVELS OF ENRICHMENT. NOW TALKING CONTROL OF URANIUM ENRICHMENT OF 20 PERCENT OR MORE. MAY DO SAME WITH EC.
- E. DUPLICATION OF INSPECTIONS--ADMINISTRATIVE ARRANGE-MENTS STILL IN NEGOTIATION TO ELIMINATE DUPLICATION OF SAFEGUARDS INSPECTION FUNCTIONS, BETWEEN IAEA, EC, AND GOC. ENDERS CONFIDENTIAL

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Message Attributes

Automatic Decaptioning: X

Capture Date: 01-Jan-1994 12:00:00 am Channel Indicators: n/a **Current Classification: UNCLASSIFIED**

Concepts: NUCLEAR AGREEMENTS, PROGRESS REPORTS, NEGOTIATIONS, NUCLEAR SAFEGUARDS, REGIONAL ORGANIZATIONS

Control Number: n/a

Copy: SINGLE Sent Date: 05-Apr-1977 12:00:00 am Decaption Date: 01-Jan-1960 12:00:00 am

Decaption Note: Disposition Action: RELEASED Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW

Disposition Date: 22 May 2009 Disposition Event: Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977OTTAWA02370
Document Source: CORE
Document Unique ID: 00

Document Unique ID: 00 Drafter: n/a

Enclosure: n/a Executive Order: GS Errors: N/A

Expiration: Film Number: D770118-0666

Format: TEL

From: OTTAWA Handling Restrictions: n/a

Image Path:

ISecure: 1

Legacy Key: link1977/newtext/t19770486/aaaacxnf.tel

Line Count: 97 Litigation Code IDs: Litigation Codes:

Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 571aefa9-c288-dd11-92da-001cc4696bcc

Office: ACTION EUR

Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a

Page Count: 2
Previous Channel Indicators: n/a Previous Classification: CONFIDENTIAL Previous Handling Restrictions: n/a Reference: 77 OTTAWA 508, 77 EC BRUSSELS 2129

Retention: 0

Review Action: RELEASED, APPROVED Review Content Flags: Review Date: 24-Nov-2004 12:00:00 am

Review Event: Review Exemptions: n/a **Review Media Identifier:** Review Release Date: n/a Review Release Event: n/a **Review Transfer Date:** Review Withdrawn Fields: n/a

SAS ID: 2893789 Secure: OPEN Status: NATIVE

Subject: CANADA/EURATOM NUCLEAR NEGOTIATIONS

TAGS: TECH, ENRG, CA, EEC
To: STATE ERDA

Type: TE

vdkvgwkey: odbc://SAS/SAS.dbo.SAS_Docs/571aefa9-c288-dd11-92da-001cc4696bcc

Review Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009

Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009